



Government of
Saskatchewan

Annual Report 2003

Agriculture, Food and Rural Revitalization

Agricultural and Food Products
Development and Marketing Council

(Saskatchewan Agri-Food Council)

Saskatchewan

Our Future is Wide Open

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Letters of Transmittal

Message From The Minister

To Her Honour
The Honourable Lynda Haverstock
Lieutenant Governor of the Province of Saskatchewan

Madam:

In 2003, the Saskatchewan Agri-Food Council, along with the 11 producer-run boards and commissions, continued to work towards the development of both strong and competitive agriculture and food industries in the province.

These producer groups are to be commended for their ongoing efforts in positioning their respective sectors for long-term sustainability and growth. Over the past year, they have engaged in important marketing, research and development activities, strengthened the knowledge and skill base of their producers, and worked as a unit to address an array of challenges concerning the orderly marketing of Saskatchewan agriculture and food products.

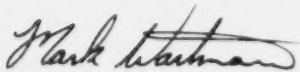
I also wish to welcome the new producer-directed Saskatchewan Mustard Development Commission established this year. Saskatchewan mustard producers can look forward to new technologies, products and markets through this new commission.

The Saskatchewan Agri-Food Council, in its regulatory and advisory role, is also to be acknowledged for responsibly monitoring the 11 Saskatchewan agencies and providing ongoing leadership in the regulation, promotion and development of agricultural and food product marketing.

I applaud both the Council and its agencies for successfully maintaining their active roles. Their dedication and commitment has assisted our agriculture industry in continuing to prosper, as well as contribute to this province's economy and the well-being of its people.

I am pleased to submit the 2003 Annual Report of the Saskatchewan Agri-Food Council.

Respectfully submitted,



Mark Wartman

Minister of Agriculture, Food and Rural Revitalization

Honourable Mark Wartman
Minister of Agriculture, Food and Rural Revitalization
Legislature of Saskatchewan

Dear Minister Wartman:

In accordance with section 21 of the Agri-Food Act, I submit herewith the 2003 Annual Report of the Saskatchewan Agri-Food Council.

During this past year, Boards and Commissions have made good progress in improving overall compliance. Good governance and sound directional planning is enhancing Board efficiency and productivity in meeting the needs of the producers they represent.

In some cases, productivity is enhanced through research, while others have benefited through market development.

Saskatchewan producers continue to make a substantial contribution to our province in the production of high quality agri-food products.

The Saskatchewan Agri-Food Council is pleased to monitor and support those Boards and Commissions reporting to us.

Respectfully submitted,



Garf Stevenson, Chairperson 2003

Saskatchewan Agri-Food Council

Vision Statement

To create an environment for sustained growth where Saskatchewan-based producers and processors can become international leaders.

The Agri-Food Act (the Act) provides a framework for the promotion, development and regulation of agri-food products. Producer-elected and operated agencies may be established under the authority of the Act, to administer marketing and development plans. Producer operated boards and commissions, which collect either voluntary or mandatory levies used for research, development and marketing initiatives, are governed by this Act.

Established in 1990¹, The Saskatchewan Agri-Food Council is a board appointed by the Lieutenant Governor in Council to monitor the activities of marketing and development agencies in accordance with the Act. The Council plays both a regulatory and advisory role.

The Council supervises compliance of boards and commissions within the terms and conditions of the Act, advises and updates the Minister of Saskatchewan Agriculture, Food and Rural Revitalization on the operations and administration of agencies governed by the Act, and makes recommendations to the Minister.

As part of its regulatory role, the Council reviews proposed marketing and development plans, determines whether public meetings or hearings should be called in respect to the proposed plans, conducts producer votes and makes recommendations to the Lieutenant Governor in Council or the Minister on whether to amend or terminate such plans. The Council

also approves all marketing board, development board, and development commission orders to ensure compliance with the Act, and consults with agencies on issues relating to federal-provincial marketing agreements.

The Council also investigates issues related to regulatory policies of boards and commissions. There is a separate appeal body appointed under the Act - the Agri-Food Act Appeal Committee - to hear appeals.

In all its activities, the Council is guided by the following values and principles:

- leadership in developing and supporting competitive agriculture and food industries;
- open, fair and decisive undertakings under the authority of the Act;
- accountability for actions affecting the public interest;
- positive communication and consultation amongst participants;
- compliance with orders and regulations under the Act; and
- active development of opportunities to fulfill Saskatchewan's agricultural and food production and marketing potential.

The Saskatchewan Agri-Food Council is currently responsible for monitoring 11 Saskatchewan agencies. The three types of agencies that may be established under the Act are:

¹ The Agri-Food Council replaced the Saskatchewan Natural Products Marketing Council, the supervisory body established under legislation preceding The Agri-Food Act.

Development Commissions – A development commission is an organization charged with doing research and development for an industry. Commissions are given the right to charge a refundable levy where producers must pay but can request a refund of levy dollars. The research is used to help producers reduce their input costs, increase productivity and generally make a producer's farm more profitable. The research and cost cutting measures developed by commissions usually decrease the producers' costs in multiples of levy paid. The development commissions in Saskatchewan are:

- Saskatchewan Alfalfa Seed Producers Development Commission;
- Saskatchewan Canola Development Commission;
- Saskatchewan Flax Development Commission; and
- Saskatchewan Mustard Growers Development Commission.

Development Boards - A development board is very similar to a commission with one important difference: a development board charges a levy that is non-refundable. Producers must pay the levy, and cannot apply for a refund. Development boards are more difficult to organize as those wishing to start the board must convince the Lieutenant Governor that the majority of the industry supports the check-off, as demonstrated through a producer plebiscite. The development boards in Saskatchewan are:

- Sask Pork;
- Saskatchewan Pulse Growers; and
- Saskatchewan Sheep Development Board.

Marketing Boards - A marketing board administers a supply-managed marketing plan. Supply-management regulates and limits the production of a specific commodity. Marketing boards were created in the 1970s with the intention of stabilizing supplies and ensuring that producers could be profitable. Marketing boards are also empowered to charge a non-refundable levy to support a variety of functions. The marketing boards in Saskatchewan are:

- Saskatchewan Broiler Hatching Egg Producers' Marketing Board;
- Chicken Farmers of Saskatchewan;
- Saskatchewan Egg Producers; and
- Saskatchewan Turkey Producers' Marketing Board.

2003 in Review

Highlights

In 2003, the Agri-Food Council continued to carry out its mandate to supervise the activities and administration of boards and commissions operating under The Agri-Food Act. In the spring of 1998, the Provincial Auditor and Saskatchewan Agriculture, Food and Rural Revitalization made recommendations to improve the standards of financial reporting of agencies. Each agency's board of directors is responsible for establishing and maintaining a system of internal control, complying with applicable regulations, maintaining financial records and preparing financial statements. During that year, the boards and commissions were successful in improving the standard of financial reporting, although overall compliance was poor at 48%. Compliance levels were 66% in 1999, 82% in 2000, 92% in 2001, and 86% in 2002.

The Council is pleased to report that overall compliance in 2003, when a final report is received by the Saskatchewan Turkey Producers' Marketing Board, will be 100%. The Council will continue to work closely with all agencies to maintain this level of compliance.

The Council received a request from a producer group interested in establishing a development commission in the summer of 2003. The Saskatchewan Mustard Growers Association approached the Minister to approve a Mustard Growers Development Commission. The purpose was to help mustard producers in their effort to increase profitability through the introduction of new varieties, the creation of new mustard products, and the development of new market opportunities.

Work continues on reaching an agreement on an updated Federal-Provincial Agreement for egg marketing in Canada. Saskatchewan is dedicated to working with the industry on a system under the Federal-Provincial Agreement that ensures growth for Saskatchewan, especially one that incorporates the consideration of Saskatchewan's comparative advantage of production.

The Agri-Food Council continued to monitor Saskatchewan's poultry industry performance

under national marketing systems. As national marketing agencies adjust operations to better serve the marketplace, the Council will continue to participate with other provinces to ensure revisions to each of the poultry federal-provincial agreements. Progress has continued on developing a draft Turkey Federal-Provincial Agreement. The scheduled review of the Chicken Federal-Provincial Operating Agreement is progressing quickly.

As reported last year, the Council undertook a Strategic Planning process. The Council was pleased to present the resulting Plan in spring of this year. Developing a Strategic Plan was an important process for the Council, and will continue to be used as a tool to ensure an effective and proactive approach to monitoring and supervising the agencies under its jurisdiction.

Over the course of the year, the Agri-Food Council held four board meetings and conducted an additional teleconference meeting.

Report of Activities

Supervision of Boards and Commissions

As part of its responsibility to supervise boards and commissions under The Agri-Food Act, the Agri-Food Council reviewed the minutes of regular and annual meetings of boards and commissions, as well as all annual reports and financial statements. In addition, Council members and staff attended various meetings of boards and commissions and reported back to the Agri-Food Council. The Council was represented at special and annual meetings of all 11 agencies over the course of the year. Council also held meetings with representatives of the Chicken Farmers of Saskatchewan, Saskatchewan Broiler Hatching Egg Producers' Marketing Board, Saskatchewan Flax Development Commission, SaskPork, Saskatchewan Pulse Growers, Saskatchewan Egg Producers, and the Saskatchewan Turkey Producers' Marketing Board. Officials of the Agri-Food Council attended a meeting of the National Association of Agri-Food Supervisory Agencies, and represented Saskatchewan's interests at meetings of national marketing agencies.

Marketing Plan Reviews

No new marketing plans were submitted to the Agri-Food Council for its review during 2003.

However, the Council reviewed changes to marketing and development plans to ensure they accurately reflected the needs, operations and activities of agencies established under the Act.

Mr. Oswald Henry, the current Broiler Hatching Egg Producers' Marketing Board Administrator, presented a set of proposed amendments on July 7, 2003. The proposals represented the culmination of months of consultations with producers, industry stakeholders and the Agri-Food Council. There were a number of changes, but the key issue related to governance in the move to having production units be the basis for positions on the board and in voting. The intention with these recent regulation changes was to put in place a decision making structure that improves board governance and industry leadership. On October 3, 2003, Saskatchewan Broiler Hatching Egg Marketing Plan Regulations were amended in order to establish the new governance structure.

Development Plan Reviews

A new Development Commission Plan was submitted to the Minister of Agriculture, Food and Rural Revitalization during 2003 by the Saskatchewan Mustard Growers Association (SMGA). The SMGA began consultations with industry in November 2001 towards establishing a mustard check-off. The communication process included regional meetings, notices on Web sites and in newsletters, bulk mail-outs to producers, processors and buyers, and extensive media coverage.

The majority of feedback and responses were in favour of the establishment. A final endorsement for the check-off came at the 2003 SMGA annual general meeting where membership of the organization unanimously passed a resolution calling for the development of an organization to support the Saskatchewan mustard industry. The Commission is financed through a refundable check-off following the models established for alfalfa seed, flax and canola. The check-off is initially set at 0.5% of the gross value of product marketed.

The Saskatchewan Mustard Development Regulations were approved by Cabinet in October 2003, with the check-off effective January 1, 2004.

Orders of Boards and Commissions

Marketing boards and commissions exercise certain powers granted to them by their marketing and development plans through marketing orders. These orders require Council approval. Council reviewed and approved the following orders in 2003:

Chicken Farmers of Saskatchewan

Order #28/03: Underproduction Catch-up

Purpose: The general purpose of this order is to define the 5% under-production that may be rolled forward to the producer's quota in the following production year. The order also removes the ability for the producer to have any additional under-production caught up.

Saskatchewan Sheep Development Board

Order #17/03: Service Charge

Purpose: The purpose of this order is to establish the \$1.00 per head service charge, formerly collected as a check-off at the point of sale. The service charge will be collected at the time the Canadian Sheep Identification Program (CSIP) ear tags are purchased by the producer.

Saskatchewan Pulse Crop Development Board

Order #11/03: Check-off Collection

Purpose: The general purpose of this order is to establish the level of the check-off and to outline responsibilities and process for remittance of the check-off. The order was changed to remove the requirement for check-off submission on producer-to-producer sales of pulses.

Saskatchewan Mustard Development Commission

Order #1/03: Refund of Check-off

Purpose: This order defines the process for producers to request a refund of their check-off dollars.

Order #2/03: Buyer Registration

Purpose: This order determines how buyers, processors and assemblers of mustard produced in Saskatchewan shall register with the commission.

Order #3/03: Producer Registration

Purpose: This order determines how each producer will be registered with the commission.

Order #4/03: Exemptions

Purpose: This order exempts mustard produced and marketed for the purpose of propagation from the check-off.

Order #5/03: Reporting

Purpose: This order defines the reporting requirements of the buyers to the commission on the records of sales and check-off dollars collected.

Order #6/03: Check-off Collection

Purpose: This order determines that the check-off is set at 0.5% of the gross value of mustard marketed, and defines how the buyers shall remit the check-off collected to the commission.

National Activities

National Marketing Agencies

The Saskatchewan Agri-Food Council is a signatory to three federal-provincial agreements (FPAs). These agreements provide the basis for operation of national marketing agencies for chicken, turkey and eggs. National agencies are essentially producer driven supply management organizations with representation from downstream sectors. The primary mandate of the national agencies is to manage the supply of primary poultry products across Canada according to the terms of the FPAs. Saskatchewan is a member of the Chicken Farmers of Canada (CFC), the Canadian Egg Marketing Agency (CEMA) and the Canadian Turkey Marketing Agency (CTMA). Saskatchewan is not a member or signatory to the Canadian Broiler Hatching Egg Marketing Agency, although membership is currently being considered.

Each national agency allocates a Canadian quota among participating provincial commodity boards, who in turn allocate their provincial allotments to individual producers within provincial boundaries. The national agencies target production to meet market demand at a price that covers the average producer's cost of production plus a reasonable return on investment.

As a signatory to each of the FPAs, the Agri-Food Council is responsible for participating in matters relating to monitoring the operation of national marketing systems and participating in activities to improve their performance. The Saskatchewan Agri-Food Council continued to cooperate with other supervisory agencies as a member of the National Association of Agri-Food Supervisory Agencies (NAASA) to ensure

steady progress is made in updating regulatory frameworks. The Agri-Food Council also cooperates with the National Farm Products Council (its counterpart at the national level) in its primary role as supervisor of the national marketing agencies.

In 2003, the Agri-Food Council continued to participate in a process initiated by Provincial and Territorial Ministers of Agriculture 1998 to renew the FPAs. Ministers directed the NAASA to lead the renewal process to update and modernize the four poultry FPAs. The individual agencies have taken the role of drafting new operating agreements under the FPA structure.

National Association of Agricultural Supervisory Agencies

Saskatchewan continued to actively participate in 2003 as a member of the National Association of Agri-Food Supervisory Agencies (NAASA) whose mandate is as follows:

"To assist the agri-food industry by sharing information, providing direction and supporting an environment that promotes its development and prosperity."

In 2003, the Agri-Food Council continued to participate in NAASA's most recent objective, that is, to oversee the completion of renewal of FPAs by each of the national marketing agencies.

2003 Saskatchewan Agri-Food Council Members

Garf Stevenson, Chairperson, Regina
Ken Rasmussen, Vice-Chairperson, Regina
Audrey Hinz, Saskatoon
Don Tait, Elrose
Ray Riviere, Radville (to June 2003)

Staff

Roydon G. White, Secretary
Joy A. Smith, Assistant Secretary

Council Office

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3085 Albert Street
Regina, Saskatchewan S4S 0B1
Phone:(306) 787-5952 Fax:(306) 787-0271
E-mail: rwhite@agr.gov.sk.ca
jsmith@agr.gov.sk.ca

2003 Reports of Provincial Agency Operations

Saskatchewan Alfalfa Seed Producers Development Commission

101 K – 116 Research Drive
Saskatoon SK S7N 3R3
Phone: (306) 651-7275, Fax: (306) 651-7270

The Commission's Mission

The general purpose and intent of the Commission is to provide for the orderly and effective development of the alfalfa seed industry in Saskatchewan. Specific purposes of the Commission are:

- to promote and develop the alfalfa seed and alfalfa leafcutting bee industries in Saskatchewan;
- to develop procedures to maximize returns to producers;
- to encourage the production of a uniform high-quality product;
- to gather, compile, and distribute information related to the production of alfalfa seed and the management of alfalfa leafcutting bees;
- to conduct and encourage research on the production of alfalfa seed and the management of alfalfa leafcutting bees;
- to promote and improve understanding among individuals and organizations within the alfalfa seed and alfalfa leafcutting bee industries;
- to establish a system of levies on alfalfa seed crops for carrying out the purposes of the Commission; and
- to represent and take action on behalf of registered producers in matters relating to the development of the alfalfa seed and alfalfa leafcutting bee industries.

Alfalfa Seed Production

Alfalfa seed production in the province has expanded rapidly over the past several years to the current level of over 125,000 acres, representing over 75% of the alfalfa seed acreage in Canada. The estimated value of Saskatchewan alfalfa seed production, based on an average yield of 200 lb./acre and an average price of \$1.00/lb. is \$25 million annually. The alfalfa leafcutting bee is an important pollinator of

alfalfa for seed production and has been used by Saskatchewan alfalfa seed producers as a dependable pollinator for about 30 years. Alfalfa leafcutting bee populations, estimated at 20,000 per acre, have grown to a total of approximately 2.5 billion. Under ideal conditions, this population doubles each year and the excess production is marketed primarily to alfalfa seed growers in the United States at a value of about \$12.5 million each year.

Administration and Finance

The Commission's system of internal control, legislative compliance, and financial statements is audited annually by Merv Culham, CA. The board of directors is responsible for establishing and maintaining a system of internal control, complying with applicable regulations, maintaining financial records and preparing financial statements. The Commission was successful in meeting all of the financial reporting requirements of the Agri-Food Council during the 2003 fiscal year.

Wayne Goerzen currently manages the Commission on a voluntary basis. The levy is collected and recorded by a third party with a system of checks and balances to ensure accuracy.

Check-Off

In accordance with the Commission's regulations and orders, the check-off is \$0.0075 per pound of alfalfa seed marketed. Producers may request a refund of any or all of the check-off paid. During the 2003 fiscal year, the Commission received \$169,508 in check-off and refunded \$16,077, or approximately 9.5%. This rate of levy refunds increased from 5.7% last year. There were approximately 500 producers registered with the Commission in 2003.

	2002/ 2003	2001/ 2002	2000/ 2001	1999/ 2000
Check-off	\$169,508	\$216,407	\$111,140	\$90,731
Refunds	16,077	12,727	6,303	8,509
Net Levy	\$153,431	\$203,680	\$104,837	\$82,222
Refund %	9.5%	5.7%	5.7%	9.4%

Research Projects

The Commission invested \$110,341 in research projects in 2003. As the industry is small, the Commission has limited funding. As such, it must evaluate the most economical means of funding research and identify methods to achieve the greatest leverage for its research dollars. Consultation to determine the research priorities of Saskatchewan alfalfa seed producers is ongoing.

2003 Board of Directors

Sheldon Dowling, Chairperson
Gaylord Mierau, Vice Chairperson
Ernest Holinaty
Andrew Lindsay-Hawkins
Clem Lalonde
Craig Newton
Wayne Goerzen, Executive Director

Financial Status

Summary of Financial Operations for the Year Ending July 31, 2003

	Budget 2003	Actual 2003	Actual 2002
Statement of Operations			
Revenue			
Net levy income	\$ 125,000	\$ 153,431	\$ 203,680
Interest Income		3,417	2,521
Total Revenue		\$ 156,848	\$ 206,201
Expenses			
Programs	112,500	111,455	78,047
Administration	12,500	10,024	10,098
Total Expenses	\$ 125,000	\$ 121,479	\$ 88,145
Excess of Revenue over Expenses	\$ 0	\$ 35,369	\$ 118,056
Balance Sheet			
Current Assets			
Non-Current Assets (or Capital Assets)		0	0
Total Assets		\$ 324,348	\$ 288,571
Current Liabilities			
Accounts Payable		\$ 408	\$ 0
Net Assets			
Internally Restricted Net Assets		86,114	83,602
Unrestricted Net Assets		237,826	204,969
Total Net Assets		323,940	288,571
Total Liabilities and Net Assets		\$ 324,348	\$ 288,571
Cash Flows			
Cash Flow From Operating Activities		35,777	118,056
Net Increase (Decrease) in Cash		35,777	118,056
Cash Position Beginning of Year		288,571	170,515
Cash Position End of Year		324,348	288,571

*Complete financial statements can be found in the agency's annual report.

The Saskatchewan Broiler Hatching Egg Producers' Marketing Board

18 Culliton Crescent, Regina, SK S4S 4J6

Phone: (306) 924-3108

Fax: (306) 924-3118

Vision*

To build a growing, dynamic and innovative industry, with the highest quality hatching eggs, and with profitability for all industry partners.

Mission

As responsible industry leaders, we fully supply quality hatching eggs to the broiler chicken industry. While keeping industry profitable, we are proactive, flexible and open to change. Through good communication, we are responsive to our industry stakeholders.

Industry Issues

Key issues in 2003:

- Resolving outstanding issues;
- Completing the Conversion Agreement with the Chicken Farmers of Saskatchewan (CFS);
- Implementing the modifications to the regulations; and
- Developing and implementing an appropriate governance framework for the industry.

Production

There were 16 licensed producers at the end of 2003 and one producer producing on a permit, representing a total of 172,000 quota units.

In 1999, the BHE reached an agreement with the CFS that would see some producers exit that industry and begin as broiler producers under permit of the CFS. This agreement had the Board accept 51,000 quota units, remove four of its producers from production and transfer two producers into CFS production. The two

producers accepting CFS quota began production in 2001. The financial liability for the 51,000 quota rights is the responsibility of the BHE. In 2001, the BHE and the CFS agreed to be bound by the decision of an arbitrator in the decision of how much the BHE would pay the CFS for the 51,000 units of quota rights. Both parties submitted a Final Offer to the arbitrator, who ruled in favour of the CFS. What remained to be finalized was the contribution to this liability by one of the producers. This year has been spent working to arrive at a final determination of this contribution. The parties have now agreed on a binding arbitration process and expect that this will be resolved shortly. Once the producer contribution is concluded, the financial plan and payment schedule to effect payment to the CFS will be finalized.

Administration and Finance

The Board's system of internal control, legislative compliance and financial statements is audited annually by Meyers Norris Penny. The board's directors are responsible for establishing and maintaining a system of internal control, complying with applicable regulations, maintaining financial records and preparing financial statements. The Saskatchewan Broiler Hatching Egg Producers' Marketing Board was successful in meeting all of the Council's financial reporting requirements during the 2003 fiscal year.

The board employed one part-time administrative assistant to November 2003.

Administrator

Through Lieutenant Governor Order in Council #283/2000, dated May 30, 2000, the Minister of Agriculture, Food and Rural Revitalization assumed many of the powers of the Board, and then delegated those powers to an independent administrator.

The Administrator was charged with the following tasks:

- carry out quota allocation, pricing and levy collection duties and procedures;
- implement the Memorandum of Understanding between the Chicken Farmers of Saskatchewan and the Agri-Food Council;
- resolve industry disputes; and
- explore with industry new decision-making structures that would reduce the conflict currently holding back industry progress.

Check-off

The check-off revenues for the 2003 fiscal were \$0.60 per breeder chick placed. During the 2003 fiscal year, the board collected \$107,298 in check-offs, a slight decrease over last year. The check-off is mandatory and non-refundable.

Year	Check-off revenue
2003	\$ 107,298
2002	\$ 109,231
2001	\$ 79,061
2000	\$ 69,378
1999	\$ 26,075
1998	\$ 22,170

Extension

The University of Saskatchewan extension services are funded by the combined contribution from Saskatchewan's four poultry marketing agencies and Lilydale. Dr. William Audren, poultry extension specialist and Dr. Bob Goodhope, poultry veterinarian, provided extension services to the boards. The service is supervised and administered by Dr. H. Classen and Dr. S. Gomis of the University of Saskatchewan reporting to the Research and Extension Committee.

The Board's assessment for the cost of extension services for 2003 remained at \$8,241, the same amount as last year. Objectives of the program were to:

- monitor industry performance;
- identify and solve industry problems;
- investigate individual production problems;
- communicate advances in poultry production; and
- act as a liaison to individuals supplying feed, medication and equipment to the poultry industry.

Outlook for 2004

The organization will concentrate on the following issues for 2004:

- Working within the new Plan to implement the new Governance Model;
- Completing the development of a Strategic Plan and Vision for the industry;
- Finalizing the role of the board within the provincial and the national industry; and
- Improving the level of trust among producers.

Financial Status

Summary of Financial Operations for the Year Ending December 31, 2003

	Budget 2003	Actual 2003	Actual 2002
Statement of Operations			
Revenue	\$ 104,545	110,325	\$ 109,546
Expenses			
Programs	\$ 10,000	8,241	8,241
Administration	\$ 93,729	71,542	92,733
Total Expenses	\$ 103,729	78,769	\$ 100,974
Excess of Revenue over Expenses	\$ 816	\$ 31,556	\$ 8,572
Balance Sheet			
Current Assets		\$ 606,826	\$ 635,023
Investments		0	0
Capital Assets		324	422
Total Assets		\$ 607,150	\$ 635,445
Current Liabilities			
Accounts Payable		33,522	26,870
Quota Conversion Payable		497,395	563,897
Total Liabilities Net Assets	\$ 530,917	\$ 590,768	\$ 590,768
Internally Restricted Net Assets		0	0
Unrestricted Net Assets		76,233	44,677
Total Net Assets		76,233	44,677
Total Liabilities and Net Assets		\$ 607,150	\$ 635,445
Cash Flows			
Cash Flow from Operating Activities	\$ 15,550	\$ 30,916	\$ 30,916
Cash Flows from Investing Activities	0	0	0
Cash Flows from Financing Activities	0	0	0
Net Increase (Decrease) in Cash	\$ 15,550	\$ 30,916	\$ 30,916
Cash Position Beginning of Year		67,721	36,805
Cash Position End of Year	\$ 83,271	\$ 67,721	\$ 67,721

* Complete financial statements can be found in the agency's annual report.

Saskatchewan Canola Development Commission

212 – 111 Research Drive,
Saskatoon, SK S7N 3R2
Phone: (306) 975-6621
Fax: (306) 975-0136
E-mail: amoe@scdc.ca
www.scdc.ca

The Commission's Vision

Shaping canola's future for producer profitability.

The Commission's Mission Statement

To enhance canola producers' competitiveness and profitability through a producer led and controlled fund to support research, market development and extension activities.

Industry Issues

Canadian canola is facing escalating competition from other vegetable oils, especially soybeans. For the first time, South America is expected to produce more soybeans than the United States, at a lower cost of production than Canada.

Improvements in crop production and the development of new uses must continue to be investigated. The development of specialty oil canola varieties can target new markets. These are some of the activities that could help canola remain competitive.

Canola Production

Seeded acres increased substantially in 2003 to 5.7 million acres in Saskatchewan. The average yield was estimated at 20.9 bushels per acre, up from 19.9 bushels per acre, and 1.6 bushels per acre below the 10-year average yield of 22.5 bushels per acre.

Administration and Finance

The Provincial Auditor annually examines the Saskatchewan Canola Development Commission's (Commission) system of internal control, legislative compliance and financial statements. The Commission's board of directors and management are responsible for establishing and maintaining a system of internal control, complying with applicable regulations, maintaining financial records and preparing financial statements. The Commission was successful at meeting all of the Council's reporting requirements for 2003.

Reduced crop production has substantially reduced funding. However, budget cuts and reserve funds have allowed the Commission to meet commitments on all existing and continuing programs, but severely limited funding of any new programs.

The Commission is also contracted to administer the levies of the Saskatchewan Pulse Growers, the Saskatchewan Flax Development Board, and new this year, the Mustard Growers Development Commission.

Check-Off

The check-off rate is \$0.50 per tonne, unchanged from last year. There were approximately 38,000 producers registered with the Commission in 2003. The Commission received \$859,733 in check-offs and refunded \$40,598 or approximately 4.72% of the gross check-off.

Research

The Commission invested \$284,525 in research projects in 2002-2003, which is approximately a 30% decrease in research funding, due to decreased revenue. More information on the results of these projects can be found on the Commission's Web site (www.scdc.ca).

Market Development

The SCDC partnered with United States, Manitoba and Alberta grower groups and the Canola Council of Canada in market development under the name CanolaInfo. A total of \$259,786 was invested in market development in the 2002 - 2003 fiscal year. CanolaInfo was involved with the following initiatives:

- Advertising in Canadian and American dietetic journals, and exhibiting at American and Canadian dietetic conferences;
- Publication of two nutrition newsletters and making resources available on CD ROM;
- CanolaInfo Web site continues to be updated, including resources such as educator's manual, student fact sheets, video, PowerPoint presentation, written information, recipes, patient resources, frequently asked questions, and electronic files of current resources.
- Attending the International Association of Culinary Professionals conference, and mailed to Canadian Chefs and Cuisine Canada members; and
- Hosting the 6th annual Canola Camp.

Extension

In 2003, the Commission was involved with the following activities:

- Hosted the SCDC Annual Meeting, featuring Bob Cormier (Environment Canada), Bill Greuel (Saskatchewan Agriculture, Food and Rural Revitalization), and Brent Zacharias (Dow AgroSciences);
- Co-exhibited with the Saskatchewan Canola Growers Association (SCGA) at the Crop Production Show;
- Displayed at the Saskatchewan Soil Conservation Association convention;
- Sponsored grower extension meetings and field days in cooperation with the SCGA, Canola Council of Canada, Saskatchewan Agriculture, Food and Rural Revitalization, Agriculture and Agri-Food Canada, and the Saskatchewan Soil Conservation Association;

- Contributed to producing Canola Digest Magazine;
- Sponsored two Agriculture in the Classroom programs; and
- Continued support of the school program, including Canola Corner at the Canola Learning Centre (part of the Conservation Learning Centre in Prince Albert).

Outlook for 2004

The Commission will continue to research new opportunities that will create awareness and promote the canola industry.

In 2004, the Commission will focus on:

- Conducting agronomic and production research projects;
- Conducting research to enhance the development of specialty oil types and identification of quality factors, to encourage the development of biodiesel and diesel fuel additives, and to evaluate the potential use of canola oil as a dust suppressant;
- Evaluating the development of new products from canola oil and meal, and evaluating segregation systems required to grow specialty canola types;
- Market development programs in the United States and Canada;
- Providing information to dieticians, the media and food service industry on utilization of canola oil for human nutrition; and
- Promoting the utilization of lubricity additives for diesel fuel and evaluating the potential for biodiesel.

2003 Board of Directors

Barbara Podhorodeski, Chairperson
Jim Caughlin, Vice-Chairperson
Wayne Bacon, Director
Ray Hilderman, Director
Kelvin Meadows, Director
John Serhienko, Director
Roy Button, Executive Director

Financial Status

Summary of Financial Operations for the Year Ending July 31, 2003

	Budget 2003	Actual 2003	Actual 2002 restated
Statement of Operations			
Revenue	880,000	1,149,331	\$ 1,179,776
Expenses			
Programs	823,955	626,962	1,123,227
Administration	406,025	383,416	388,631
Total Expenses	1,229,980	1,010,378	\$1,511,858
Excess of Expenses over Revenues	(349,980)	138,953	\$ (332,082)
Balance Sheet			
Current Assets		671,311	\$ 465,526
Investments		1,115,142	1,218,963
Capital Assets		40,595	66,024
Total Assets		1,827,048	\$ 1,750,513
Current Liabilities			
Accounts Payable		74,792	127,210
Unearned Revenue			10,000
Net Assets			
Invested in Capital Assets		40,595	66,024
Internally Restricted Net Assets		1,100,000	1,200,000
Unrestricted Net Assets		611,661	347,279
Total Net Assets		1,752,256	1,613,303
Total Liabilities and Net Assets		1,827,048	1,750,513
Cash Flows			
Cash Flow From Operating Activities		147,144	(491,566)
Cash Flows from Investing Activities		103,822	463,597
Cash Flows from Financing Activities		0	0
Net Increase (Decrease) in Cash		250,966	(27,969)
Cash Position Beginning of Year		5,792	33,761
Cash Position End of Year		256,758	5,792

* Complete financial statements can be found in the agency's annual report.

Chicken Farmers of Saskatchewan

1810 - 9th Avenue N. Box 1637
Regina, SK S4P 3C4
Phone: (306) 775-1677 Fax: (306) 949-1353

Vision

A world class Saskatchewan chicken industry built on innovation, profitability and the ability of stakeholders to work together for the good of the industry as a whole.

Mission

Through a dynamic, innovative leadership team, to boldly develop a profitable, viable and expanding Saskatchewan chicken industry.

Industry Issues

- Bringing the Conversion Agreement to a successful conclusion;
- Supporting the growth agenda to ensure that the growth targets of the expansion agreement are realized;
- Developing a long-term strategic focus of the industry through a Strategic Plan; and
- Undertaking initiatives that spotlight the responsibility for individual production.

Production

There were 94 producer licenses and three permits issued during 2003. The 2003 broiler base production for Saskatchewan was 39,029,650 kilograms, an increase of 2.52% over 2002.

Year	Number of Birds	Live Weight (kg)	Average Bird (kg)
1993	10,817,451	19,916,486	1.84
1994	12,206,599	22,296,105	1.83
1995	11,381,794	20,927,375	1.84
1996	11,277,863	20,936,536	1.86
1997	12,049,705	21,809,966	1.81
1998	12,122,181	21,941,147	1.81
1999	14,601,629	26,539,949	1.81
2000	16,937,235	32,414,857	1.91
2001	19,781,770	37,431,205	1.82
2002	21,409,800	40,621,000	1.90
2003	22,305,538	41,371,638	1.72

Administration and Finance

The board's directors are responsible for establishing and maintaining a system of internal control, complying with applicable regulations, maintaining financial records and preparing financial statements. CFS's system of internal control, legislative compliance and financial statements is audited annually by Meyers Norris Penny. The CFS was successful in 2003 at meeting all of the Council's recommended reporting requirements.

The board employed two full time staff in 2003.

Check-off

During the 2003 fiscal year, the Board collected \$402,839 in check-offs – an increase of approximately 3% over last year. In accordance with the board's regulations and orders, the check-off is \$0.014 per kilogram of chicken marketed. The check-off is mandatory and non-refundable.

Year	Check-off Revenue
2003	\$ 402,839
2002	\$ 389,787
2001	\$ 361,047
2000	\$ 305,931
1999	\$ 251,093
1998	\$ 285,260

Administrator

By Lieutenant Governor Order in Council 282/2000 dated May 30, 2000, the Minister of Agriculture, Food and Rural Revitalization assumed many of the powers of the board of the CFS, and then delegated those powers to an independent administrator.

The Administrator was charged with the following tasks:

- carry out quota allocation, pricing and levy collection duties and procedure;
- implement the Memorandum of Understanding;
- resolve industry disputes; and
- explore with industry new decision-making structures to reduce the conflict currently impeding industry progress.

Research

The CFS spent \$67,860 on research in 2003.

Market Development

The marketing activities in 2003 included:

- Increasing recognition of the new logo, which replaced the logo that had been in place since the early 1970s;
- Web site development; and
- Canadian Western Agribition display in the AgriEd section.

Outlook for 2004

The board will concentrate on the following issues for 2004:

- Moving forward toward full implementation of the On Farm Food Safety Program;
- Refinement of the governance procedures;

- Implementation of the auditable Animal Welfare program;
- Continued implementation of the strategic plan; and
- Continue to build relationships with the stakeholders in the industry.

2003 Board of Directors

Barry Schneider, Acting Chairperson

Roger Regehr

Eugene Zagrodney

Darlene Neufeld

Nick Langelaar

Van Stewart, General Manager

Oswald L. Henry, Administrator

Financial Status

Summary of Financial Operations for the Year Ending December 31, 2003

	Budget 2003	Actual 2003	Actual 2002
Statement of Operations			
Revenue	\$ 437,829	\$ 451,372	\$ 409,206
Expenses			
Programs	133,800	116,004	75,843
Administration	229,085	283,400	* 531,024
Total Expenses	\$ 362,885	\$ 399,404	\$ 606,867
Excess of Revenue over Expenses	\$ 74,944	\$ 51,968	\$ *(197,661)

Balance Sheet

Current Assets	\$ 135,535	\$ 219,531
Investments	0	0
Capital Assets	4,392	4,328
Total Assets	\$ 139,927	\$ 223,859
Current Liabilities		
Accounts Payable and Accrued Liabilities	\$ 60,932	\$ 29,067
Penalties Payable*	130,252	291,000
Deferred Grant Revenue	0	7,017
Deficit	(51,257)	(103,225)
Total Liabilities and Net Assets	\$ 139,927	\$ *223,859

Cash Flows

Cash Flow from Operating Activities	\$ (59,104)	\$ 81,328
Cash Flows from Investing Activities	78,025	(80,353)
Cash Flows from Financing Activities	0	0
Net Increase (Decrease) in Cash	\$ 18,921	\$ 975
Cash Position Beginning of Year	53,835	52,860
Cash Position End of Year	\$ 72,756	\$ 53,835

* Chicken Farmers of Canada penalties

**Complete financial statements can be found in the agency's annual report.

Saskatchewan Egg Producers

Box 1263, 496 Hoffer Drive,
Regina, SK
S4P 3C4
Phone: (306) 924-1505 Fax: (306) 924-1515
E-mail: sep@saskegg.ca

The Board's Objective

To improve and stabilize producer returns by managing product supplies and to ensure high quality, wholesome food is delivered to the consumer at a reasonable price.

Industry Issues

During 2003 Saskatchewan Egg Producers (SEP):

- aggressively pursued an acceptable agreement with Canadian Egg Marketing Agency (CEMA) through the new Federal-Provincial Agreement that would see growth and expansion for Saskatchewan's egg industry;
- introduced a new system to operate the Eggs For Processing (EFP) program; and
- took considerable steps to ensure that the integrity of supply management is maintained with respect to compliance by unregistered producers.

Administration and Finance

Directors are responsible for establishing and maintaining a system of internal control, complying with applicable regulations, maintaining financial records, and preparing financial statements. The Board's system of internal control, legislative compliance and financial statements are audited annually by E.J.C. Dudley & Co. In 2003, SEP was successful at meeting all of the Council's recommended reporting requirements.

The Board employed three full time and one part-time staff in 2003.

Check-off

During the 2003 fiscal year, the Board collected \$390,261 in check-off. In accordance with the board's regulations and orders, the Saskatchewan and CEMA check-off is \$0.245 per dozen eggs marketed. The check-off is mandatory and non-refundable.

The Board receives a levy of \$0.0355. \$0.03 is used for administration and marketing and \$0.0055 is used for the Surplus Removal Fund, which funds removal of egg surplus to the needs of table egg consumers.

Year	Check-off revenue
2003	\$ 390,261
2002	\$ 397,538
2001	\$ 387,124
2000	\$ 382,956
1999	\$ 372,745
1998	\$ 375,258
1997	\$ 369,953

Research

The Board invested \$96,030 in research projects in 2003, including the poultry extension program, research and studies at the University of Saskatchewan, Salmonella enteritidis testing, and a poultry manure project.

Market Development

The marketing activities in 2003 included:

- Two new print advertisements for consumer and health professionals;
- Extraordinary Egg booklet revised, a preschool teacher resource developed, and a catalogue published on available educational material on eggs;
- Development of a Web page with links to CEMA with recipes and information; and
- Attendance at the Canadian Western Agribition.

Outlook for 2004

Issues before the Board in 2004 will include:

- Seeking a quota expansion from CEMA;
- Updating the Federal-Provincial Agreement with resolution of Saskatchewan stakeholders' complaint to National Farm Products Council;
- Exploring research avenues, including new product development;
- Careful monitoring of animal rights issues; and
- Updating the board's regulations and orders.

2003 Board of Directors

Bert Harman, Chairperson
Stan Fehr, Vice-Chairperson
Cliff Colborn
Joseph Hofer
Joseph Mandel
Jim Teichrob
Tim Wiens (resigned)
Don Wiens (resigned)
Michael Katz, General Manager

Financial Status

Summary of Financial Operations for the Year Ending December 31, 2003

	Budget 2003	Actual 2003	Actual 2002 restated
Statement of Operations*			
Revenue	\$ 834,294	\$ 5,414,361	\$ 5,320,115
Expenses			
Programs	620,398	4,582,487	4,793,155
Administration	467,300	861,490	503,720
Total Expenses	\$ 1,087,698	\$ 5,443,977	\$ 5,296,875
Excess of Revenue over Expenses	\$ (253,405)	\$ (29,616)	\$ 23,240
Balance Sheet			
Current Assets		\$ 845,968	\$ 954,598
Investments		932,998	998,488
Capital Assets		114,435	119,058
Total Assets		\$ 1,893,401	\$ 2,072,144
Current Liabilities			
Accounts Payable		304,817	\$ 236,593
Canadian Egg Marketing Agency - Levies		175,453	214,013
Surplus		1,413,131	1,621,538
Total Liabilities and Net Assets		1,893,401	\$ 2,072,144
Cash Flows			
Cash Flow From Operating Activities		(398,130)	356,259
Cash Flows from Investing Activities		58,626	(67,949)
Cash Flows from Financing Activities		0	0
Net Increase (Decrease) in Cash		(339,504)	\$ 288,310
Cash Position Beginning of Year		408,261	119,951
Cash Position End of Year		68,757	408,261

* The 2003 Budget numbers do not include CEMA levy collected or paid out, which causes the substantial difference between the budget and actual revenues and expenditures. Beginning in 2004, budget numbers will be inclusive.

Complete financial statements can be found in the agency's annual report.

Saskatchewan Flax Development Commission

A5A – 116 – 103rd Street East,
Saskatoon, SK S7N 1Y7
Phone: (306) 664-1901 Fax: (306) 664-4404
E-mail: saskflax@saskflax.com
www.saskflax.com

Vision Statement

Saskatchewan Flax Development Commission, as a respected organization, leads the promotion of flax and flax products to the world.

The Commission's Mission

To lead, promote, and enhance the production, value-added processing and utilization of Saskatchewan flax.

Industry Issues

- National flax initiative (identification of players, programs);
- Fiber industry development (grading, centre development, research, investment); and
- Biotechnology research, particularly regarding genetic modification and industry impact (whether to proceed or not).

Administration and Finance

The Commission's Board of Directors is responsible for establishing and maintaining a system of internal control, complying with applicable regulations, maintaining financial records and preparing financial statements. The Commission's system of internal control, legislative compliance and financial statements is audited annually by Merv Culham, CA. The Commission was successful in meeting all of the financial reporting requirements of the Council during the 2003 fiscal year.

Check-off

The check-off rate is \$1.18 per tonne of flax seed and \$0.50 per tonne of flax straw. There were approximately 18,000 producers registered with the Commission in 2003. Check-off revenues in 2003 decreased slightly to \$448,962. The flax check-off is refundable twice annually. In 2003, \$20,411 (4.5%) was refunded to producers.

Year	Check-off Revenue	Refunds	Total
2003	\$448,962	20,465	\$428,497
2002	\$502,202	26,415	\$475,787
2001	\$ 498,875	21,937	\$476,938
2000	\$ 579,178	27,643	\$551,535
1999	\$ 591,863	19,394	\$572,469

Research Projects

Over the past year, four research projects were approved and initiated in addition to the continuation of previously committed research projects in the areas of human health, varietal development, fiber, value-added, aquaculture feeds, component parts, and agronomy. The Commission spent \$169,433 on research.

Market Development

Food, feed, and fiber were the pillars of market facilitation for 2002/2003. Within the food pillar, the Commission introduced flax to the health conscious public via national and international food seminars, recipe books, nutritional information brochures, and flax samples. From a nutraceutical perspective, SaskFlax continued to liaise with the Saskatchewan Nutraceutical Network, American Oil Chemists, and leading food and supplement manufacturers via Expo West (California) and other trade shows and seminars. Within the feed pillar, SaskFlax and the Flax Council of Canada collaborated to support a feed demonstration project with Kansas State University. Work within the fiber pillar contributed to the further development of the industry by increasing awareness and product knowledge as well as securing grant dollars for the creation of a Fiber Centre. The Commission spent \$167,298 in market development in 2003.

Communication

The Commission maintained contact with registered flax producers via the annual meeting and field day, as well as through the Commission's newsletter and through contact with the Executive Director. Directors represented Saskatchewan flax interests at industry events provincially, nationally, and internationally with such agencies as the Flax Council of Canada, AmeriFlax, Canadian Grains Council, Western Grains Research Foundation, and the Canadian Agri-Food Research Council. The Commission's

expenditure on communication in 2003 was \$121,916.

Outlook for 2004

The Commission anticipates:

- continual growth or maintenance of seeded acres in Saskatchewan;
- increased interest in flax for food, feed, and fiber; and
- national fiber initiative negotiated with stakeholders.

2003 Board of Directors

Gordon Cresswell, Chairperson
 Bob Linnell, Vice-Chairperson
 Dave Sefton
 Barry Karol
 Allen Kuhlmann
 Edmond Aime
 Linda Braun, Executive Director

Financial Status

Summary of Financial Operations for the Year Ending July 31, 2003

	Budget 2003	Actual 2003	Actual 2002
Statement of Operations			
Revenue	\$ 557,000	\$ 486,445	\$ 558,259
Expenses			
Programs	466,000	458,647	418,092
Administration	162,000	153,886	143,624
Total Expenses	\$ 628,000	\$ 612,533	\$ 561,716
Excess of Expenses over Revenue	(71,000)	(126,088)	\$ (3,457)

Balance Sheet

Current Assets	844,617	938,112
Capital Assets	0	869
Total Assets	844,617	938,981
Liabilities		
Accounts Payable	65,343	63,381
Research Grants Payable	109,600	79,838
Net Assets		
Internally Restricted Net Assets	600,000	600,000
Unrestricted Net Assets	69,674	195,762
Total Net Assets	669,674	795,762
Total Liabilities and Net Assets	844,617	938,981

Cash Flows

Surplus (deficit) for the year	(126,088)	(3,457)
Amortization	869	1,540
Net change in non-cash working capital balances		
Accounts receivable	4,081	(341)
Accounts payable	1,962	27,797
Research Grants payable	29,762	(19,288)
Increase (decrease) in cash during year	(89,414)	6,251
Cash Position Beginning of Year	847,212	840,961
Cash Position End of Year	757,798	847,212

*Complete financial statements can be found in the agency's annual report.

Saskatchewan Mustard Growers Development Commission

212-111 Research Drive, Saskatoon, SK,
S7N 3R2

Phone: (306) 975-6621

Fax: (306) 975-0136

The Saskatchewan Mustard Growers Development Commission was established this year, and as such, has presented a three-year business plan to guide their activities.

Vision

Investing in the future for mustard grower profitability.

Mission

Growing the mustard industry for the benefit of growers through research, communications and market development programs.

Research

The Commission plans to focus on three key areas of research:

- Agronomics or Production;
- Mustard Breeding; and
- New Uses.

Communications

The Commission plans to empower producers through improved knowledge on production, quality, and marketing through the following areas:

- Producer information and feedback (newsletters, annual meeting, field day, Web site);
- Cooperation with other agencies; and
- Communication with buyers, processors and end users.

Market Development

The Commission plans to investigate opportunities to increase price and utilization of mustard through:

- meeting needs for product quality;
- cooperative plans with other commodity groups;
- product awareness programs; and
- evaluating opportunities for processing.

2003 Interim Board of Directors

Brett Meinert, Chair

Dan Thompson

Erroll Simington

Ken Megyesi

Rene De Moissac

Les Trayhorne

Dave Pederson

Roy Button, Executive Director (part-time)

SaskPork

Bay 2, Main Floor, 502 – 45th Street West,
Saskatoon, SK, S7L 6H2
Phone: (306) 244-7752, Fax: (306) 244-1712
Web: www.saskpork.com
e-mail: info@saskpork.com

Vision

To ensure a sustainable pork industry within a diverse provincial agricultural economy.

Mission

Sask Pork is dedicated to working on behalf of producers through communications, policy development and research programs.

Industry Issues

- unprecedented increase in the value of the Canadian dollar relative to the U.S. dollar, resulting in reducing revenues by \$20 to \$30 per hog;
- low quality, high cost feed grains resulting in importation of U.S. corn for use in feed rations;
- weak packing industry caused by a soft international demand for pork, resulting in packers reducing daily hog kills; and
- impact of Canada's BSE case on the hog industry.

Production

There were 745 pork production units registered with Sask Pork at the end of 2003. Total provincial pork production for 2003 was 2.16 million hogs.

Administration and Finance

It is the responsibility of management to ensure proper and responsible administration of Sask Pork's finances and report the financial results to the producers. Deloitte & Touche annually examines the board's system of internal control, legislative compliance and financial statements. SaskPork was successful in meeting all of the Council's recommendations for 2003.

The Board employed five full-time staff in 2003.

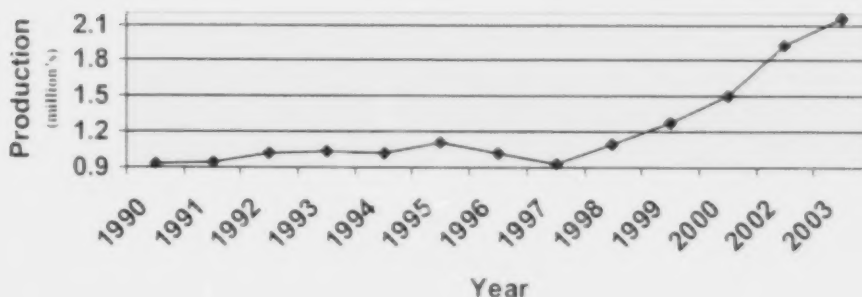
Check-off

The check-off rate for 2003 was reduced from \$.90 to \$.75 per hog marketed. The net check-off revenue generated for the years 1999 to 2003 is represented in the following table.

Year	Check-Off Income
2003	\$ 1,617,804
2002	\$ 1,644,525
2001	\$ *926,431
2000	\$ 1,508,833
1999	\$ 1,261,026

* 2001 revenue reflects a seven month reporting period as a result of a change of year-end for the organization.

Saskatchewan Hog Production
1990 - 2003



Programs, Services and Associations

The following is a breakdown of services provided during the year under the three key areas of focus as outlined in the organization's approved Strategic Plan:

Primary Production:

- Research funded in Animal and Human Health, Environment, Production, Animal Welfare, and Pork Quality;
- Statistics – database maintenance;
- Canadian Pork Council activities; and
- Pork Expo, Annual General Meeting, and Pork Industry Symposium (in partnership with Saskatchewan Agriculture, Food and Rural Revitalization) successfully held.

Production Units:

- Public policy development and communication;
- Delivery of the Canadian Quality Assurance Program (CQA®);
- Development of industry regulations and standards, such as the National Standards for Environmental Management Systems;
- Staff training for pig skills; and
- Saskatchewan 2002-2003 Short Term Hog Loan Program and Canadian Agricultural Income Stabilization Program.

Industry Development and Community Relations:

- Industry Development through community presentations;
- Industry Video development;
- Pork Industry Interpretive Centre and Viewing Gallery coordination;
- Web site upgrades and maintenance;
- Canadian Western Agribition;
- Product promotion program;
- Corporate sponsorships and trade show participation; and
- Distribution of monthly newsletter.

Research Program

Sask Pork, with funding from the check-off and the Pork Industry Sustainability Fund, supports swine research in areas that directly affect producers' profitability, including swine disease, animal care and health, lowering production costs, occupational health and safety, manure management, and environmental issues.

Significant projects include continued funding for the Prairie Swine Centre, Manure Application, Swine Slurry Gases, Canadian Research Network on Bacterial Pathogens of Swine, Effects of Age at First Estrus, Veterinary Infectious Disease Organization (VIDO), Geochemistry and Hydrogeology.

Canadian Quality Assurance (CQA®)

The Hazard Analysis Critical Control Point (HAACP) based, national quality program, rolled out in 1998, and was initially developed in response to consumers' demand for a safe product and packers moving towards a policy to accept only quality-assured livestock for processing.

At July 31, 2003, 745 Saskatchewan producers were registered in the CQA program. Of these producers, 417 were currently validated and marketed 86% of the hogs sold from Saskatchewan farms.

2003 Board of Directors

Leon Lueke, Chairperson
Jerry Pfeil, First Vice-Chair
Cliff Her, Second Vice-Chair
Ross Johnson
Joe Kleinsasser (Ex Officio)
Judy Ulrich
Walter Yates
Neil Ketilson, General Manager

Financial Status

Summary of Financial Operations for the Year Ending July 31, 2003

	Budget 2003	Actual 2003	Actual 2002
Statement of Operations			
Revenue	\$ 2,131,525	\$ 2,069,532	\$ 2,131,049
Expenses			
Programs	1,516,226	1,312,191	1,462,962
Administration	592,361	551,826	544,970
Total Expenses	\$ 2,108,587	\$ 1,864,017	\$ 2,007,932
Excess of Revenue over Expenses	22,938	205,515	\$ 123,117
Balance Sheet			
Current Assets		1,626,388	\$ 1,433,134
Capital Assets		11,203	12,360
Total Assets		1,637,591	1,445,494
Current Liabilities		390,997	404,415
Net Assets			
Internally Restricted Net Assets		51,273	52,100
Unrestricted Net Assets		1,195,321	988,979
Total Net Assets		1,246,594	1,041,079
Total Liabilities and Net Assets		1,637,591	1,445,494
Cash Flows			
Cash Flow From Operating Activities		249,008	587,859
Cash Flows from Investing Activities		(11,458)	(8,948)
Cash Flows from Financing Activities		0	0
Net Increase (Decrease) in Cash		237,550	578,911
Cash Position Beginning of Year		1,116,464	537,553
Cash Position End of Year		1,354,014	1,116,464

* Complete financial statements can be found in the agency's annual report.

Saskatchewan Pulse Growers

104-411 Downey Road,
Saskatoon, SK S7N 4L8
Phone: (306) 668-5556 Fax: (306) 668-5557
E-mail: gpatterson@saskpulse.com
Web: www.saskpulse.com

Vision

Saskatchewan will be a world leader in the production, processing, and marketing of high quality and high value products for a viable and profitable pulse industry.

Mission

To provide leadership for an innovative, profitable and sustainable Saskatchewan pulse industry, through research, market development and communication in collaboration with stakeholders.

Industry Issues

The past year was a challenging one for everyone in the agriculture industry; however, 2003 was a pivotal year for the pulse industry. Although significant areas of the province experienced drought for the third year in a row, large areas of the province were able to produce normal quantities of pulses, resulting in adequate quantities of high-quality pulse products for markets.

Production

Pulses were seeded on approximately 4.58 million acres in Saskatchewan in 2003, a temporary reduction caused by drought.

Administration and Finance

Directors are responsible for establishing and maintaining a system of internal control, complying with applicable regulations, maintaining financial records and preparing financial statements. The Board's system of internal control, legislative compliance, and financial statements is audited annually by Hergott Duval Stack & Partners. The Saskatchewan Pulse Growers were successful in meeting all of the Council's reporting requirements for the 2003 year.

Check-off

During the 2003 fiscal year, the Board collected \$3,075,810 in check-offs and had total revenues of \$3,643,455. In accordance with the Board's

regulations and orders, as amended this year, the check-off has increased from 0.75 to 1.0% of the gross value of the pulses sold. The check-off was increased, with producer support, to ensure research and development necessary for the growth and expansion of the industry.

Saskatchewan Pulse Growers is a development board under the Act so it does not refund levies to producers. The Board employs the Saskatchewan Canola Development Commission's Levy Central to collect the check-off.

Research

Saskatchewan Pulse Growers' largest expenditure, the Research and Development program, includes ongoing research in a number of areas, such as:

- disease management and resistance;
- genetic improvements;
- agronomy;
- weed control; and
- new uses and quality assessments.

The Research and Development expenditures in 2003 were \$1,572,497. Sask Pulse continues to work very closely with Pulse Canada Research to lead a national initiative to increase pulse research. A 2003 report by University of Saskatchewan economist Dr. Richard Gray and private researcher Terry Scott reveals that the benefit to cost ratios of check-offs is quite high. For example, the benefit to cost for growers is 13.5 to 1.0 over the short term (1984-2008), which means that for every \$1.00 of cost borne by growers, they receive \$13.46 in producer surplus over the period.

Market Development

The Saskatchewan Pulse Growers Market Development program works to develop international and domestic market opportunities for pulses in human diets and livestock rations. SPG also funds Pulse Canada's international market development activities, such as reduction of trade barriers, harmonization of regulations, and access to new and existing markets.

Extension and Communications

SPG provides research, production, and market information in a number of ways, including PulsePoint magazine, annual reports, SPG Web site, The Pulse Brief electronic news service, Pulse Days annual conference, and several regional meetings and field days. SPG

collaborates closely with partners in industry, processing, government, research and extension to communicate, deliver programs, and advance the pulse industry.

Outlook for 2004

Saskatchewan Pulse Growers continue to look forward with plans to continue implementing their long-term strategy. Highlights include:

- dramatically increasing research expenditures to \$2.85 million in 2004 and to \$4 million by 2005;

- continuing to enhance Canada's pulse industry profile on the national and international fronts; and
- improving current producer security system.

2003 Board of Directors

Shawn Buhr, Chairperson
Don Meier, Vice-Chair
Lloyd Affleck
Dean Corbett
Germain Dauk
Ron Hundebly
Jim Moen
Garth Patterson, Executive Director, Saskatoon

Financial Status

Summary of Financial Operations for the Year Ending August 31, 2003

	Budget 2003	Actual 2003	Actual 2002
Statement of Operations			
Revenue	\$ 2,533,404	\$ 3,643,455	\$ 3,101,727
Expenses			
Programs	3,058,768	2,795,354	2,471,741
Administration	677,500	683,703	635,140
Total Expenses	\$ 3,736,268	\$ 3,479,057	\$ 3,106,881
Excess of Revenue over Expenses	(1,202,864)	164,398	\$ (5,154)

Balance Sheet

Current Assets	1,735,093	1,519,892
Investments	1,000,000	1,000,000
Capital Assets	345,709	352,689
Total Assets	3,080,802	\$ 2,872,581
Current Liabilities		
Accounts Payable	109,913	\$ 137,090
Net Assets		
Externally Restricted	74,500	3,500
Invested in Capital Assets	345,709	352,689
Internally Restricted Net Assets	1,000,000	1,000,000
Unrestricted Net Assets	1,550,680	1,379,302
Total Net Assets	2,970,889	2,735,491
Total Liabilities and Net Assets	3,080,802	2,872,581

Cash Flows

Cash Flow From Operating Activities	64,625	(16,828)
Cash Flows from Investing Activities	(3,286)	(2,564)
Cash Flows from Financing Activities	0	0
Net Increase (Decrease) in Cash	61,339	(19,392)
Cash Position Beginning of Year	152,279	171,671
Cash Position End of Year	213,618	152,279

* Complete financial statements can be found in the agency's annual report.

Saskatchewan Sheep Development Board

2213C Hanselman Court, Saskatoon, SK
S7L 6A8

Phone: (306) 933-5200 Fax: (306) 933-7286

E-mail: sheepdb@sk.sympatico.ca

www.sk.sympatico.ca/sksheep

Vision Statement

A sheep industry that is competitive and viable within sustainable agriculture, growing and responding to the global marketplace, offering alternative opportunities for production and processing, and access to diverse markets with producer and consumer support.

Mission Statement

To provide for the effective development of the Saskatchewan sheep industry and the promotion, regulation and marketing of sheep and sheep products.

Specific aims of the Board are:

- to coordinate and inform the industry on matters relating to the production and marketing of sheep and sheep products;
- to promote harmony and communication within the industry;
- to develop the potential of the industry through extension, development of the market and the promotion of sheep products; and
- to ensure the provision of services required for the profitable marketing of sheep products.

Industry Issues

Industry issues include:

- adequate funding for the industry to carry out the work that is expected;
- developing the value-added component of the industry;
- long term predation control;
- movement by bison producers to have municipalities restrict sheep production due to disease issues; and
- closure of the American border, which is having a negative impact on the industry.

Sheep Production

There are 1,283 flocks registered with the board. Including some unregistered flocks, the provincial flock is estimated at 72,000 breeding ewes, with an average flock size of 56 ewes.

Administration and Finance

Directors are responsible for establishing and maintaining a system of internal controls, complying with applicable regulations, maintaining financial records and preparing financial statements. The Board's system of internal control, legislative compliance and financial statements is audited annually by Hounjet Tastad. In 2003, the Board met all of the Council's requirements for reporting.

Check-off/Service Charge

The rate for 2003 remained at \$1 per sheep marketed. During the 2003 fiscal year, the Board collected \$58,813 in check-offs and had total revenues of \$623,543, mainly through sales of sheep equipment and supplies, seminars, and handling fees. As a development board, it does not refund levies to producers.

The board has begun collecting their \$1.00 per head service charge, formerly collected as a check-off at the point of sale, at the time the Canadian Sheep Identification Program (CSIP) ear tags are purchased by the producer. This should help to address the difficulties the board was experiencing in collecting their operating revenue as required under their regulations.

Year	Check-off/ Service Charge Revenue
2003	\$ 58,813
2002	\$ 48,405
2001	\$ 33,413
2000	\$ 45,730
1999	\$ 34,022
1998	\$ 29,530

Research

In the 2002-2003 fiscal year, the Board invested \$179,031 in research. The organization is continuing to look for projects that will add value to the producers' product.

Market Development

The Board is working to create value added products, and has focused on a value-added project called "Canadian Prairie Lamb." The Board has formed a separate committee to continue to move this project forward. This committee has representation from the SSDB, government, and producers throughout the province.

Extension and Communications

The Board was involved with a number of extension projects in 2003. Seminars for the 2003 fiscal year included:

- Lambing Time Management;
- Butchering for the Home Freezer;
- Nutrition and Feeding;
- Carcass Evaluation;
- Sheep Economics; and
- Getting Started in Sheep.

Outlook for 2004

The sheep industry in the province went through a tough year in 2003 due to BSE and border closure and drought in some parts of the province. These factors caused lamb prices to fall. Conditions in other countries around the world have also affected lamb production, which points to a good demand for more lambs. Lamb prices and the demand for breeding stock should be very good next year. If there are normal growing conditions this year and the border is reopened to Canadian lambs, the sheep industry should have a good year. If the border does not open early in the new year, it will have a devastating effect on the industry.

The financial situation for the board should improve with the new check-off collection system in place. In addition, the need to provide more marketing options for producers was made very clear this past year. The SSDB will, in 2003, work very hard on the value-added project of which they are a part.

Board of Directors

(fiscal year ending September 30, 2003)

- Harry Harder, Chairperson
- Niall Campbell
- Rex Furgeson
- Randy Jordon
- Marvin Dales
- Gord Schroeder, Executive Director

Financial Status

Summary of Financial Operations for the Year Ending September 30, 2003

	Budget 2003	Actual 2003	Actual 2002 (restated)
Statement of Operations*			
Revenue	\$ 271,550	\$ 623,543	\$ 563,048
Expenses			
Programs	140,700	266,527	261,585
Administration	130,850	299,749	271,134
Total Expenses	\$ 271,550	\$ 566,306	\$ 532,719
Excess of Revenue over Expenses	0	\$ 57,237	\$ 30,329

Balance Sheet

Current Assets	256,873	215,143
Investments	39,229	35,188
Capital Assets	1,349	2,531
Equity in Cooperative	38	38
Total Assets	\$ 297,489	\$ 252,900
Current Liabilities		
Accounts Payable	15,821	\$ 27,991
Other Payables	4,446	3,741
Unearned Revenue	181,074	\$ 111,856
Total Liabilities	\$ 201,341	\$ 143,588
Net Assets		
Invested in Capital Assets	1,349	2,531
Surplus	94,799	106,781
Total Net Assets	96,148	109,312
Total Liabilities and Net Assets	\$ 297,489	\$ 252,900

Cash Flows

Cash Flow from Operating Activities	48,430	\$ 45,473
Cash Flows from Investing Activities	(4,041)	(3,063)
Cash Flows from Financing Activities	(1,182)	(2,970)
Net Increase (Decrease) in Cash	43,207	39,440
Cash Position Beginning of Year	173,837	134,397
Cash Position End of Year	\$ 217,044	\$ 173,837

* The 2003 Budget numbers do not include any other programs that are administered by the board, in either the revenue or expenditures. This accounts for the significant difference between the budget and the actual numbers for 2003.

* Complete financial statements can be found in the agency's annual report.

Saskatchewan Turkey Producers' Marketing Board

502 - 45th St. West, Saskatoon SK S7L 6H2
Phone: (306) 931-1050 Fax: (306) 931-2825

The Board's Objective

To improve and stabilize producer returns.

Industry Issues

Key issues in 2003 included:

- On Farm Food Safety Program;
- Processing and retail issues;
- National initiatives (Agricultural Policy Framework and the Federal-Provincial Agreement); and
- Provincial issues, such as the negotiation with a Manitoba processing plant.

Turkey Production

Turkey production in Saskatchewan increased by 221,751 kilograms for a total of 5.87 million kilograms live weight in 2003. The board approved eight temporary transfer agreements, and four transfer agreements. The number of licenses issued decreased by one from 2002, leaving 17 licensed growers.

During 2003, three price changes were negotiated. After a slight drop in August, prices improved again in December. Prices improved across the board with each change. As of year-end, prices per live kilogram were \$1.605 for Grade A Broilers and \$1.495 for utilities; \$1.55 for Grade A Hens and \$1.455 for utilities; \$1.575 for Grade A Toms and \$1.505 for utilities.

Administration and Finance

Directors and the management team are responsible for establishing and maintaining a system of internal controls, complying with applicable regulations, maintaining financial records and preparing financial statements. The Board's system of internal control, legislative compliance and financial statements is audited annually by Hergott Duval Stack & Partners. In 2003, the Board met its regulated obligations related to preparation and presentation of financial records by year-end. The Board has indicated that they will submit the final two

reports to the Council in order to meet the financial reporting standards. The Council expects to receive these reports in the near future.

The Board employed one full time staff member in 2003.

Check-off

During the 2003 fiscal year, the Board collected \$254,733 in check-offs: \$105,674 in provincial levies, \$90,351 in national levies and \$58,708 in generic marketing funds. In accordance with the Board's regulations and orders, the check-off is \$0.036 per kilogram of turkey marketed. The check-off is mandatory and non-refundable.

Year	Check-off Revenue
2003	\$ 254,733
2002	\$ 248,903
2001	\$ 261,256
2000	\$ 254,005
1999	\$ 217,154
1998	\$ 168,644

Market Development

Marketing programs undertaken in 2003 focused on reaching out to a diverse audience, promoting good health, including turkey consumption, to consumers from many age groups as well as many lifestyles.

Some of the activities included:

- Marketing material such as barbecue utensils, clocks, cooler bags, turkey moulds, picnic back-packs and blankets, recipe brochures, and nutrient analysis brochures;
- Premier Guidebook, Star Phoenix, Cuisine Canada Directory, advertising inserts;
- Canadian Western Agribition participation;
- Taste of Spring Food & Wine Festival, Federated Co-op Retail Food Show, Yorkton Harvest Showdown, Cuisine Canada;
- Saskatchewan Bounty membership; Retail store promotion, working with Taipan Foods; and
- Event sponsorship.

Extension

The Board participated in a joint project with Saskatchewan's other feather boards. The project was developed to assist producers in reaching their production potential. The cost to Saskatchewan Turkey Producers' Marketing Board for the project in 2003 was \$12,261.

2003 Board of Directors

- Dennis Billo, Chairperson
- Jack Rynsburger, Vice-Chairperson
- Wayne Goodsman
- Bev Rosher
- Herman Warkentin
- Rose Olsen, Manager

Financial Status

Summary of Financial Operations for the Year Ending December 31, 2003

	Budget 2003	Actual 2003	Actual 2002
Statement of Operations			
Revenue	\$ 278,425	\$ 323,716	\$ 286,503
Expenses			
Programs	204,350	197,319	208,001
Administration	76,400	108,549	76,114
Total Expenses	\$ 280,750	\$ 305,868	\$ 284,115
Excess of Revenue over Expenses	\$ (2,325)	\$ 17,848	\$ 2,388

Balance Sheet

Current Assets	158,213	156,838
Investments	42,035	0
Capital Assets	2,705	3,546
Total Assets	\$ 202,953	\$ 160,384

Current Liabilities

Accounts Payable	\$ 85,309	\$ 20,756
GST Payable	4,214	2,011
Deferred revenue	0	42,035
Net Assets		
Invested in Capital Assets	2,705	3,546
Internally Restricted Net Assets	0	0
Unrestricted Net Assets	110,725	92,036

Total Net Assets **113,430** **95,582**

Total Liabilities and Net Assets **202,953** **\$ 160,384**

Cash Flows

Cash Flow From Operating Activities	87,302	\$ (30,219)
Cash Flows from Investing Activities	(42,035)	31,987
Cash Flows from Financing Activities	0	0
Net Increase (Decrease) in Cash	45,267	1,768
Cash Position Beginning of Year	71,034	69,266
Cash Position End of Year	116,301	71,034

* Complete financial statements can be found in the agency's annual report.

Appeals Under The Agri-Food Act

The Agri-Food Act Appeal Committee (Committee) is a body appointed under The Agri-Food Act to hear appeals. The Committee, separate from the Agri-Food Council, is appointed by the Lieutenant Governor in Council, and is mandated to address complaints from any person who files a grievance, within 45 days, concerning an act or omission of any agency established under the Act. The Agri-Food Act Appeal Committee hears the arguments of parties involved and makes a ruling on the appeal. The membership of the Appeal Committee in 2003 consisted of:

Members

Mr. Martin Wrubleski, Chairperson, Regina
Mr. Bill Brown, Vice-Chairperson, Saskatoon
Ms. Jackie Andreas, Swift Current
Mr. Gordon Cresswell, Tisdale (to June 2003)

Staff

Joy A. Smith, Acting Secretary

In 2003, the Agri-Food Act Appeal Committee heard six appeals:

April 3, 2003

Mr. Lyle Muller vs. The Saskatchewan Pulse Crop Development Board

In March 2002, the appellant made a request for a copy of the Board's March 2, 2002, board minutes. The board denied the request and on March 20, 2002, the appellant filed an appeal. An initial hearing took place on September 11, 2002; however, following the hearing, the appellant felt there was a conflict of interest situation and requested a new hearing. The new hearing took place on April 3, 2003.

The appellant submitted that the board erred in its decision to not provide meeting minutes to producers upon request. It was the appellant's view that all paying producers should have access to the workings and decisions of the board of directors.

The board submitted that there is nothing in the legislation or regulations that provide rights to producers to have access to the minutes of meetings of the board of directors. Further, the

board's internal policy manual included a provision disallowing circulation of board minutes to producers at large.

The Committee observed that the Act allows agencies under the Act to regulate their own proceedings, including the release of minutes, and therefore ruled that the board was within its rights to deny access to its minutes.

April 3, 2003

Mr. Lyle Muller vs. The Saskatchewan Pulse Crop Development Board (2)

In October 2002, the appellant made a request for a copy of the agency's voter list. The board denied the request and on October 21, 2002, the appellant filed an appeal. An initial hearing took place on December 18, 2002; however, following the hearing, the appellant felt there was a conflict of interest situation and requested a new hearing. The new hearing took place on April 3, 2003.

The appellant submitted that the board erred in its decision to not provide a voter/producer list. It was the appellant's view that persons running for a position on the board of directors should have access to the list.

The board submitted that the appellant had indirect access to the voter's list at no charge when his biography and position statement in support of his candidacy for the board of directors was included with the election ballot that was sent to all registered producers (this is done for all candidates for the board). The board further submitted that producers expect their information to be kept confidential, and buyers who submit producer information expect the information they submit to be kept confidential as well.

The Committee observed that the Act allows agencies to regulate their own proceedings, and therefore has the ability to keep the voter/producer list confidential. The Committee further noted that no sitting members of the board have any more access to the voter list than do other producers. The Committee ruled in favour of the Board.

November 19, 2003

Mr. Merv Slater vs. The Saskatchewan Broiler
Hatching Egg Producers' Marketing Board

On June 29, 2001, a quota auction was held where the appellant purchased 10,000 units of quota. On March 10, 2003, the appellant submitted an appeal against the Board on the basis that these 10,000 units of quota had not yet been scheduled or placed. At that time, the Committee noted that in accordance with the regulations in place at that time, any producer disputes with the board must be referred to a conciliation committee. On October 6, 2003, the regulations were amended. The changes included the removal of the requirement for a conciliation committee, allowing the appeal to be heard by the Committee.

The appellant submitted that he purchased 10,000 units of quota at auction on June 29, 2001, with 25% of the price paid on that day, and the balance paid on October 22, 2001, in accordance with the auction particulars. The appellant further submitted that the quota purchased was to have been placed in November of 2001, and had to date not been scheduled or placed, causing financial hardship.

The Board submitted that the quota was scheduled and placed in 2002. In addition, because the board acknowledged that the appellant's quota was placed late, the board compensated the appellant for the late placement with a one-time placement of 6,700 units.

The Committee observed that there was no deadline for quota scheduling and placement in the auction particulars. The Committee also found that the appellant's quota entitlement was 46,000 units in 2002 and 52,700 units in 2003 (including the 6,700 one-time placement). The appellant was scheduled for 48,900 units in 2002 and 54,200 units in 2003. The Committee ruled in favour of the Board.

November 19, 2003

Mr. Merv Slater vs. The Saskatchewan Broiler
Hatching Egg Producers' Marketing Board (2)

On March 10, 2003, the appellant submitted an appeal against the Board on:

- the expense of the audit performed on the Board's 2002 financial accounts;
- the whereabouts of the \$360,000 proceeds from the 2001 quota auction;
- dismissal of the old auditor and appointment of a new auditor; and
- a budget item of \$4,000.

At that time, the Committee noted that, in accordance with the regulations in place at that time, any producer disputes with the Board must be referred to a conciliation committee. On October 6, 2003, the regulations were amended. The changes included the removal of the requirement for a conciliation committee, allowing the appeal to be heard by the Committee.

The appellant submitted that:

- the cost of the audit had historically been under \$1,000, whereas the audit done by the new auditor cost \$5,518.03, an unnecessarily exorbitant cost for an audit;
- that the \$360,000 in 2001 auction proceeds were missing from the financial reports, and should have been placed in a trust fund;
- the administrator dismissed the agency's previous auditor, and appointed a new auditor, contravening the regulations, which require an auditor to be appointed by producer vote at producer meetings; and
- neither the Board nor the auditor have accounted for a \$4,000 special project item in the 2003 budget.

The Board submitted that:

- the cost of an audit is based on the work that must be done, and the previous auditor did not provide the reports required by the Agri-Food Council and the Provincial Auditor;
- the \$360,000 proceeds have been held in trust by McDougal Ready;

- the previous auditor was dismissed because he stated he was unwilling and unable to provide the reports required; and
- no producer had ever asked about the \$4,000 special project, and a more detailed explanation would have been readily provided.

The Committee found that:

- in the spring of 1998, the Provincial Auditor and the Agri-Food Council made joint recommendations on the reporting requirements of agencies, which included more audited statements and reports. The average audit costs range from \$2,000 to \$22,000;
- the \$360,000 received in quota auction proceeds is to be kept under separate accounting from the board's finances, and eventually to have its own trustees. The Committee received confirmation that the lawyers for the board hold the auction proceeds in trust;
- the termination of the existing auditor and the subsequent appointment of a new auditor took place in December of 2001. The producers were made aware of this change at a meeting of December 10, 2001, and at the Annual General Meeting held on March 7, 2002. Therefore, this act by the board took place more than 45 days prior to the appellant's appeal, and is therefore outside of the Committee's jurisdiction; and
- the board listed the \$4,000 commitment in the financial statements as being a commitment for legal fees.

The Committee ruled in favour of the board. In the Committee's view, the board acted within its requirements in keeping the \$360,000 under a separate accounting, as well as reporting the \$4,000 commitment in the financial statements. In the Committee's view, the administrator of the board incurred an appropriate cost for the audit.

November 19, 2003

Mr. Merv Slater vs. The Saskatchewan Broiler Hatching Egg Producers' Marketing Board (3)

On March 10, 2003, the appellant submitted an appeal against the board on:

- the board's process of negotiating and setting a current price for hatching eggs;
- the election of directors process;
- the process for amending the Chicken Farmers of Saskatchewan (CFS) Memorandum of Understanding (MOU); and
- scheduling and auctioning of quota for the province.

At that time, the Committee noted that in accordance with the regulations in place at that time, any producer disputes with the board must be referred to a conciliation committee. On October 6, 2003, the regulations were amended. The changes included the removal of the requirement for a conciliation committee, allowing the appeal to be heard by the Committee.

The appellant submitted that:

- The board has not negotiated a price for eggs for the past two years, resulting in loss of revenue to Saskatchewan producers;
- The administrator has failed to hold an election for the board of directors;
- The administrator in 2000, Mr. Harvey Brooks, amended the MOU between the CFS and the Agri-Food Council, which had the effect of increasing the price of quota; and
- The board has failed to schedule or auction enough quota to supply the province.

The board submitted that:

- The board has continually investigated the price of eggs received in Saskatchewan and the mechanism for the setting of prices. Extenuating circumstances in the province have prevented any recent price increases;
- In December 2001, the issue of calling an election was discussed with producers, who unanimously voted to delay the holding of elections until the new regulations were in place. The new regulations were put in place in October 2003, requiring an election to be held under the changed voting eligibility criteria;

- The CFS signed the MOU in 2000 and it was also amended in 2000, and that this was of no direct interest to the hatching industry in Saskatchewan; and
- The allocation of quota is a process that includes the board, with feedback from the hatchery, planning to auction additional quota when the market and industry information demonstrate that it is appropriate.

The Committee found that:

- There are no requirements in the Plan requiring price parity with any other jurisdiction;
- The Minister/Administrator is not given authority over the conduct of elections under Order in Council 407/2000. Therefore, it would have been the responsibility of the outgoing board members to conduct elections. A new election is being called under the new regulations and its accompanying governance structure;
- The amendment of the MOU between the CFS and the Council took place in 2000, which clearly falls outside of the 45-day time limit within which to file an appeal;
- There is no requirement in the Plan to have Saskatchewan producers fully supply the province. Currently, meeting market demand would mean meeting the demand set by the customer, Lilydale.

The Committee ruled in favour of the board. In the Committee's view, the Board acted within the Plan and met the requirements for setting price and production levels. In the Committee's view, the Administrator of the BHE Board was not required to hold an election, as it was not part of his designated authority.

November 19, 2003

Mr. James Glen vs. The Saskatchewan Broiler Hatching Egg Producers' Marketing Board

On August 1, 2003, Pedigree Poultry Limited (PPL) filed, by facsimile, a formal appeal against actions of the Board. At that time, an attempt was made to proceed with conciliation as required by section 11(2) of the Plan. The matter under dispute relates to the Board's decision to impose penalties for late payment of levy charges placed on breeder chicks. More specifically, PPL submitted that breeder chicks are not an agricultural product under the Saskatchewan Broiler Hatching Egg Producers' Marketing Plan Regulations (Plan) and therefore should not be the basis for application of penalty levies.

On September 2, 2003, the Board sent notice to PPL of additional late charges totalling \$206.00. The Board, at a later date, offered to waive interest charges and penalties pending outcome of the conciliation. On October 6, the Plan was amended. One of the amendments was removal of the requirement for conciliation. An appeal hearing was subsequently established for November 19, 2003.

In the view of the Committee, PPL's appeal centred on the issue of levy collection. While PPL raised a number of observations with respect to the method of quota allocation, it is really the Board's decision to charge a late fine that precipitated PPL's appeal. The question that arose is as follows:

Did the board act in accordance with regulations and orders in assessing and attempting to collect a late payment penalty from Mr. Glen?

The Committee acknowledged PPL's assertion that the Board has acted contrary to the regulations by basing its allocation methodology on hen placement rather than on eggs marketed. However, the appeal was originally filed as a result of the Board's decision to apply and collect a penalty fee. PPL's assertions in this regard were as follows:

- operating fees cannot be based on "day-old female chicks", and
- operating fees may only be charged on the regulated product, which PPL submits is hatching eggs.

The Committee reviewed the Plan to determine whether the Board had the authority in 2000 to base its levy system on the basis of "breeder chicks placed." The Committee noted that the Board has always had the power in section 8(1)(g) of the Plan, among other things, to "... collect charges for services rendered...." There is no stipulation on what basis such charges apply, or any stipulation on how the rate is to be determined. There is also no regulation in the Plan that might in any way restrict the board to any particular method of charging levies.

While one might argue that the basis of quota allocation was changed in a way that was inconsistent with the Plan, it was the Committee's view that this argument was not pertinent to the authority vested in the Board to establish and maintain a system for collection of operating fees. In the view of the Committee, the question was whether or not the Board acted in accordance with its orders and regulations when it designed and implemented a new basis for levy collection in Order 24/00.

While PPL submitted that levy collection is too far in advance of the marketing of regulated product, it was the Committee's view that this is also not pertinent to the question of what the board is permitted to do vis-à-vis regulatory authority. This was the case in 1986 when an order was established which used eggs marketed as the basis for charging and collecting levies. This was again the case in November 1998 when the Council approved an order changing the levy basis to breeder chicks placed.

The Committee concluded that the Board was within its authority to base collection of operating fees on hens placed and further concluded that the board was obligated to take action against those who failed to remit payments in accordance to the guidelines established by orders.

The Agri-Food Act Appeal Committee denied the Appellant's claim that the Board failed to properly follow the Plan and its Orders with respect to administration of operating fees. The Committee found that the Board's basis for assessing operating levies and late charges is within its authority under the Plan.



